

# EXAMINER'S BANKING PRACTICES SURVEY

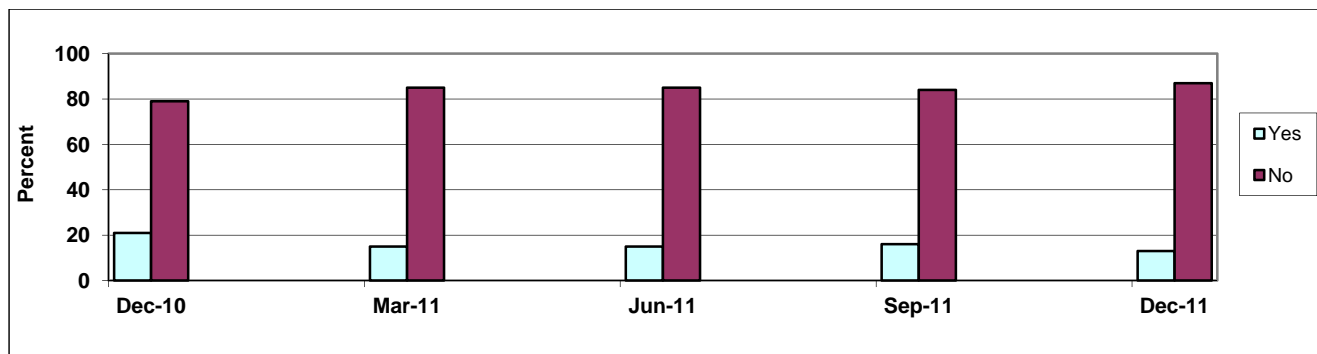
Fourth Quarter 2011

Division of Finance  
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Fourth Quarter 2011** results are compiled from **31** responses.

## LENDING

1. Since the last examination, has the institution significantly increased lending activity in any particular segment of the portfolio? "*Significantly*" means growth of 20% or more.



Of yes responses:

Loan Type	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
RE/Const/Land Devel	29%	11%	12%	7%	20%
RE/Agricultural	7%	0%	13%	14%	0%
RE/Commercial/Indust	7%	0%	25%	29%	0%
RE/Residential	7%	22%	25%	0%	0%
Agricultural	14%	11%	12%	14%	40%
Commercial/Industrial	14%	45%	13%	22%	0%
Consumer	22%	11%	0%	14%	40%

2. Is the institution active in making the following types of loans?

	Mar-11		Jun-11		Sep-11		Dec-11	
	Yes 3%	No 97%	Yes 6%	No 94%	Yes 9%	No 91%	Yes 3%	No 97%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	0%		50%		25%		100%	
Dealer paper	100%		50%		75%		0%	
Low or No-doc bus. lending	0%		0%		0%		0%	
High LTV home eq. lending	0%		0%		0%		0%	

3. Is the bank offering below market interest rates or reduced fees to attract loans?

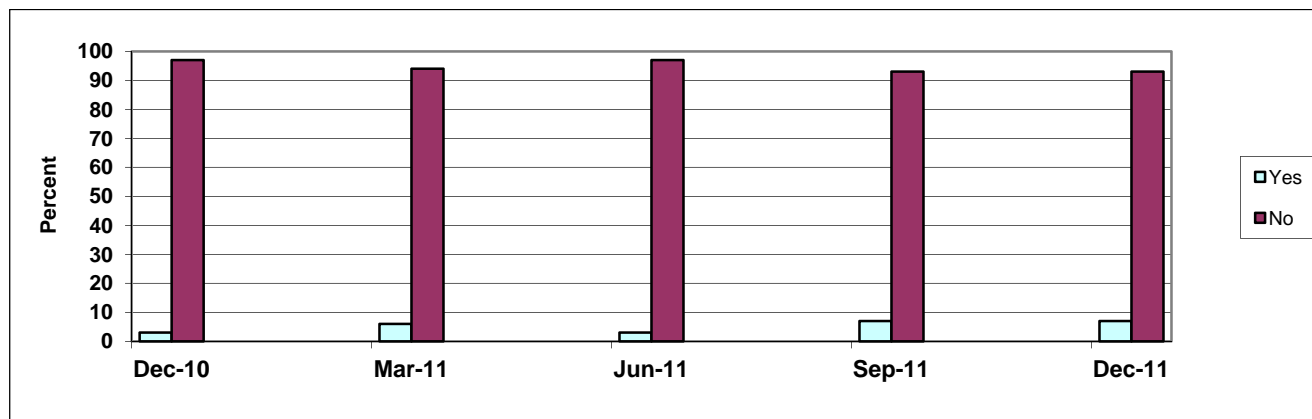
	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Yes	6%	0%	0%	0%	0%
No	94%	100%	100%	100%	100%

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4. Does the institution use credit scoring models for loan decisions?

	Mar-11		Jun-11		Sep-11		Dec-11	
	Yes 9%	No 91%	Yes 12%	No 88%	Yes 20%	No 80%	Yes 19%	No 81%
Of Yes Responses - Loan type								
Credit card	12%		0%		6%		17%	
Consumer	33%		40%		29%		28%	
Residential mortgage	33%		30%		29%		22%	
Small business	22%		30%		18%		22%	
Other	0%		0%		18%		11%	

5. Are there indications the bank is incurring "more-than-normal" risk to boost new loans?



Of yes responses:

	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Making collateral based loans?	20%	25%	33%	25%	25%
Reduced collateral margins?	20%	0%	0%	25%	0%
Not requiring cash flow projections?	20%	25%	33%	25%	50%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	20%	25%	33%	13%	25%
Waiving guarantees or other documentation?	20%	0%	0%	0%	0%
Other	0%	25%	0%	12%	0%

6. Describe potential risk in current underwriting practices for:

	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
<b>Agricultural Loans</b>					
Minimal	91%	76%	82%	69%	84%
Moderate	9%	21%	15%	29%	16%
Substantial	0%	3%	3%	2%	0%
<b>Commercial Loans</b>					
Minimal	59%	58%	62%	60%	61%
Moderate	38%	39%	32%	33%	36%
Substantial	3%	3%	6%	7%	3%
<b>Consumer Loans</b>					
Minimal	77%	85%	76%	67%	84%
Moderate	20%	12%	21%	26%	16%
Substantial	3%	3%	3%	7%	0%
<b>Residential Loans</b>					
Minimal	74%	85%	74%	71%	84%
Moderate	20%	12%	23%	24%	16%
Substantial	6%	3%	3%	5%	0%

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7. Differences between actual lending practices and written policies are:

	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
<b>Agricultural Loans</b>					
Minimal	94%	91%	91%	93%	100%
Moderate	6%	9%	6%	7%	0%
Substantial	0%	0%	3%	0%	0%
<b>Commercial Loans</b>					
Minimal	79%	88%	79%	71%	90%
Moderate	21%	12%	18%	29%	10%
Substantial	0%	0%	3%	0%	0%
<b>Consumer Loans</b>					
Minimal	91%	100%	88%	87%	97%
Moderate	6%	0%	9%	13%	3%
Substantial	3%	0%	3%	0%	0%
<b>Residential Loans</b>					
Minimal	94%	91%	85%	84%	94%
Moderate	3%	9%	12%	16%	6%
Substantial	3%	0%	3%	0%	0%

8. With regard to agricultural loans, describe the potential risk the bank faces from:

	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
<b>Carryover Debt</b>					
Minimal	97%	94%	88%	87%	90%
Moderate	3%	6%	12%	13%	10%
Substantial	0%	0%	0%	0%	0%
<b>Phase-out of Farm Subsidies</b>					
Minimal	97%	94%	91%	84%	90%
Moderate	3%	6%	9%	16%	10%
Substantial	0%	0%	0%	0%	0%
<b>Drop in Land Values</b>					
Minimal	91%	82%	76%	73%	84%
Moderate	6%	18%	21%	22%	16%
Substantial	3%	0%	3%	5%	0%

9. Has the ratio of Total Adversely Classified Items/Tier 1 Capital & ALLL increased (+) or decreased (-) since the prior examination?

	Mar-11		Jun-11		Sep-11		Dec-11	
No. Banks with Inc/(Dec) in ratio (%)	+ 58%	- 42%	+ 50%	- 50%	+ 49%	- 51%	+ 45%	- 55%
Average Inc/(Dec)in Ratio	15.1	(14.3)	14.0	(9.1)	15.3	(14.2)	11.4	(14.4)
Cause of Increase								
Eased underwriting standards	8%		3%		3%		0%	
Deterioration in new loans	3%		3%		3%		4%	
Deterioration in older loans	48%		41%		56%		52%	
Participations or out-of-territory	3%		8%		8%		7%	
Economic conditions	27%		32%		25%		30%	
Changes in lending personnel	3%		0%		0%		0%	
New types of lending activity	0%		0%		0%		0%	
Other	8%		13%		5%		7%	

10. Estimate loan classifications at this examination into the following types:

Loan Type	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
RE/Const/Land Development	42%	32%	19%	22%	24%
RE/Agriculture	1%	3%	4%	2%	1%
RE/Commercial/Industrial	38%	44%	57%	50%	53%
RE/Residential	7%	8%	9%	12%	12%
Agricultural	1%	2%	1%	1%	1%
Commercial/Industrial	9%	9%	8%	12%	6%
Consumer	2%	2%	2%	1%	3%

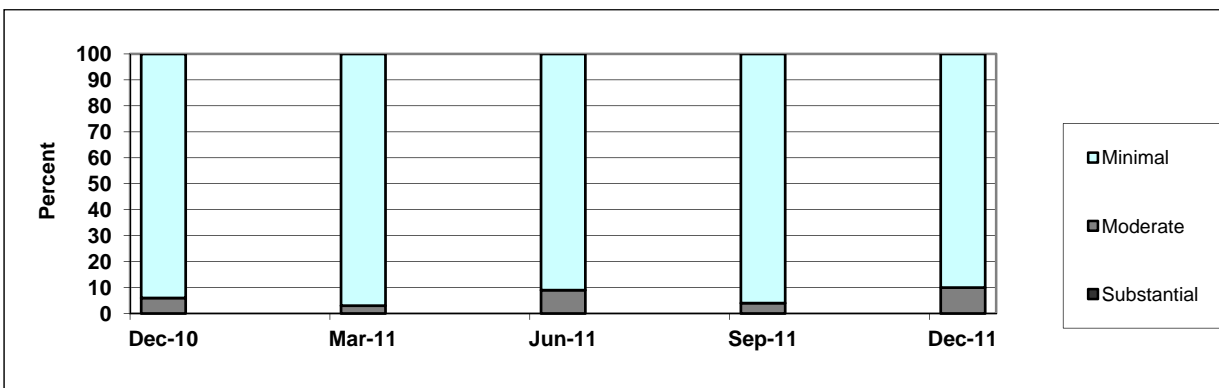
## Examiner's Banking Practices Survey

### INVESTMENTS

11. Since the last examination, has the institution purchased securities without understanding the characteristics of the issue?

	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Yes	0%	0%	3%	0%	0%
No	100%	100%	97%	100%	100%

12. Differences between actual investment practices and written policies are:



### OTHER

13. Has the bank established a borrowing line with FHLB?

	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Yes	85%	97%	94%	93%	81%
No	15%	3%	6%	7%	19%
If yes, does the bank actively borrow from the FHLB?					
Yes	76%	75%	75%	67%	68%
No	24%	25%	25%	33%	32%

14. Does the bank hold off-balance sheet derivatives?

	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Yes	9%	6%	15%	9%	3%
No	91%	94%	85%	91%	97%

15. List nontraditional activity the institution is engaged in.

	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Yes	97%	91%	94%	89%	87%
No	3%	9%	6%	11%	13%
Of those that do:					
Nondeposit Investment Sales	12%	19%	14%	13%	19%
Insurance Sales	6%	8%	12%	13%	10%
Real Estate Loan Secondary Market Sales	33%	24%	23%	29%	23%
Non-transactional Web Site	6%	3%	5%	10%	2%
Transactional Web Site	41%	43%	45%	35%	42%
Other	2%	3%	1%	0%	4%